

**UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

Judge Beckwith
Magistrate Judge Hogan

vs.

Case No. C-1-01-486

CINCINNATI REDS, a limited partnership,

Defendant.

JOINT STATUS REPORT

Plaintiff United States of America and defendant Cincinnati Reds, by their undersigned attorneys, make this joint status report pursuant to this Court's Order dated November 26, 2001. The parties described the status of settlement negotiations in their Joint Motion to Stay Proceedings Pending Settlement, filed November 20, 2001, and in their monthly Joint Status Reports thereafter.

The contemplated settlement would resolve not just this lawsuit, but lawsuits in 16 courts involving 17 different Major League Baseball Clubs (all of which are stayed pending settlement). The settlement would also resolve several times that many administrative claims for refunds, and certain related matters.

As noted in the original motion, numerous issues needed to be resolved because the cases involved a wide variety of matters, such as employment taxes, corresponding adjustments to Social Security benefits, and administrative proceedings pending before the Internal Revenue Service.

After many months of effort, as of Friday, September 24, 2004, the negotiators for the parties have reached agreement on all issues. Based upon the agreement among the negotiators, the Clubs are now submitting the 20-page settlement document, plus exhibits, to the Government as a formal settlement offer for Government approval.

The Clubs expect Government approval of the offer, but consideration by the Government will require additional time. The Justice Department's settlement procedures call for the submission of recommendations regarding the offer by counsel assigned to the various cases and by the Internal Revenue Service and for review of the recommendations by various supervisory attorneys. Thereafter, the offer would require consideration by the Tax Division's Office of Review and possibly the Assistant Attorney General of the Tax Division. In addition, because the settlement involves matters pending administratively before the Internal Revenue Service, it is anticipated that a significant amount of time will be needed by the Service to consider the offer. While efforts have been made to familiarize many of the relevant personnel within the Justice Department and the Service with the potential settlement, and while tentative recommendations have been drafted by some Government attorneys, it nonetheless will take considerable time before final action can be taken on the offer.

The parties continue to believe that proceeding with this litigation would not be a judicious use of the Court's or the parties' resources. They therefore jointly ask the Court to

make no change in the November 26, 2001 Order staying proceedings.

Dated: October 4, 2004

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CERTIFICATE OF SERVICE

I hereby certify that on this 04th day of October, 2004, I caused a copy of the foregoing document to be sent to Alejandro L. Bertoldo, Trial Attorney, Tax Division, U.S. Department of Justice, P.O. Box 55, Ben Franklin Station, Washington, D.C. 20044 by electronic mail.

/s/ R. Joseph Parker

R. Joseph Parker